BANK OF CANADA
BANQUE DU CANADA

Senior Loan Officer Survey

on Business-Lending Practices in Canada

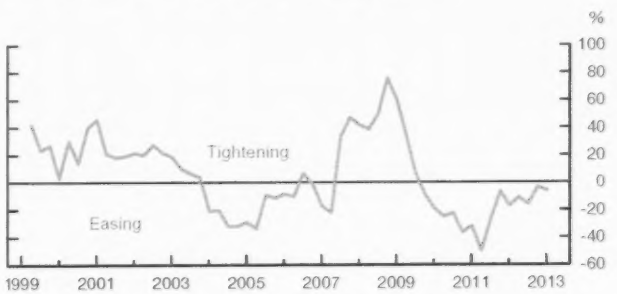
Results of the First-Quarter 2013 Survey | Vol. 6.1 | 8 April 2013

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2013.

- The survey results point to a slight easing in overall business-lending conditions during the first quarter of 2013 (**Chart 1**). While there was a net easing in the price aspects of business lending, virtually no change was reported in non-price lending conditions during the quarter (**Chart 2**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- Survey responses indicate that price conditions eased for corporate and commercial borrowers. For small-business borrowers, lending conditions remained unchanged during the first quarter, following nine consecutive quarters of easing.
- Senior loan officers indicated that competitive pressures among lending institutions and from capital markets continued during the first quarter.
- The balance of opinion regarding the demand for credit from financial institutions was negative during the first quarter. The decline largely reflected lower demand from corporate borrowers.

Chart 1: **Senior loan officers reported a slight easing in lending conditions for Canadian non-financial firms…**

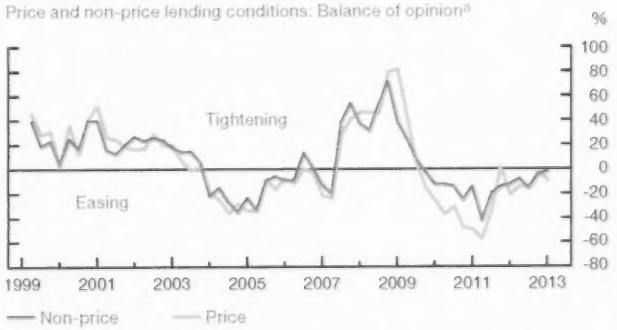
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: **…in terms of price, and nearly unchanged conditions in non-price terms**

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small-business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The first-quarter survey was conducted between 11 and 15 March 2013. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

ISSN 1916-3968